

QUARTERLY REPORT

LICENSEE HARRAH'S CASINO HOTEL , ATLANTIC CITY

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE QUARTER ENDED DECEMBER 31, 2003

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN
CHARGE OF
CORRESPONDENCE
REGARDING THIS
QUARTERLY REPORT

ANTHONY P. RODIO

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE AND ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

BALANCE SHEETS

AS OF DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents (Note 2).....	\$ 43,117	\$ 38,972
2	Short-Term Investments.....	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2003, \$932; 2002, \$1,070).....	5,804	6,073
4	Inventories (Note 2).....	1,599	1,320
5	Prepaid Expenses and Other Current Assets (Note 5).....	7,565	4,462 *
6	Total Current Assets.....	58,085	50,827
7	Investments, Advances, and Receivables (Note 6).....	439,567	440,489
8	Property and Equipment - Gross (Notes 2 and 3).....	795,616	762,817
9	Less: Accumulated Depreciation and Amortization (Notes 2 and 3).....	(307,353)	(277,680)
10	Property and Equipment - Net (Note 2 and 3).....	488,263	485,137
11	Other Assets (Note 7).....	10,197	12,292 *
12	Total Assets.....	\$ 996,112	\$ 988,745
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 1,619	\$ 1,911
14	Notes Payable.....	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	0	0
16	Other.....	0	0
17	Income Taxes Payable and Accrued (Note 2).....	0	0
18	Other Accrued Expenses (Note 9).....	20,865	85,518
19	Other Current Liabilities.....	181	369
20	Total Current Liabilities.....	22,665	87,798
	Long-Term Debt:		
21	Due to Affiliates (Note 4).....	650,000	650,000
22	Other	0	0
23	Deferred Credits (Note 2).....	922	882
24	Other Liabilities (Note 10).....	41,332	42,144
25	Commitments and Contingencies (Note 2)		
26	Total Liabilities.....	714,919	780,824
27	Stockholders', Partners', or Proprietor's Equity.....	281,193	207,921
28	Total Liabilities and Equity.....	\$ 996,112	\$ 988,745

*Certain 2002 amounts have been reclassified to conform with 2003 presentation.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	2003	2002
	Revenue:		
1	Casino	\$ 445,285	\$ 444,535
2	Rooms	43,488	37,419
3	Food and Beverage	53,328	53,211
4	Other	9,886	6,759
5	Total revenue	551,987	541,924
6	Less: Promotional Allowance (Note 2)	121,651	107,754
7	Net revenue	430,336	434,170
	Costs and Expenses:		
8	Cost of goods and services	215,696	211,060
9	Selling, general, and administrative	35,411	38,643
10	Provision for doubtful accounts	(100)	225
11	Total costs and expenses	251,007	249,928
12	Gross Operating Profit	179,329	184,242
13	Depreciation and amortization	30,823	27,156
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other Note 11	11,639	12,030
16	Income (Loss) from Operations	136,867	145,056
	Other Income (Expenses):		
17	Interest (expense) - affiliates (Note 4)	(52,000)	(51,998)
18	Interest (expense) - external	0	0
19	Investment alternative tax and related income (expense) - net	(3,212)	(3,631)
20	Nonoperating Income (expense) - net (Note 12)	825	556
21	Total other income (expenses)	(54,387)	(55,073)
22	Income (Loss) Before Income Taxes and Extraord. Items	82,480	89,983
23	Provision (credit) for income taxes (Note 2)	9,347	13,424
24	Income (Loss) Before Extraordinary Items	73,133	76,559
25	Extraordinary items (net of income taxes - 2003, \$0; 2002, \$0)	0	0
26	Net Income (Loss)	\$ 73,133	\$ 76,559

*Certain 2002 amounts have been reclassified to conform with 2003 presentation.

The accompanying notes are an integral part of the financial statements.
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STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	2003	2002
	Revenue:		
1	Casino	\$105,586	\$108,503
2	Rooms	11,637	9,745
3	Food and Beverage	12,891	13,313
4	Other	1,984	1,671
5	Total revenue	132,098	133,232
6	Less: Promotional Allowance (Note 2)	33,243	27,943
7	Net revenue	98,855	105,289
	Costs and Expenses:		
8	Cost of goods and services	52,939	53,490
9	Selling, general, and administrative	8,950	10,521
10	Provision for doubtful accounts	(100)	20
11	Total costs and expenses	61,789	64,031
12	Gross Operating Profit	37,066	41,258
13	Depreciation and amortization	7,799	7,317
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other (Note 11)	2,770	2,933
16	Income (Loss) from Operations	26,497	31,008
	Other Income (Expenses):		
17	Interest (expense) - affiliates (Note 4)	(13,000)	(13,000)
18	Interest (expense) - external	0	0
19	Investment alternative tax and related income (expense) - net	(820)	(829)
20	Nonoperating Income (expense) - net (Note 12)	457	86
21	Total other income (expenses)	(13,363)	(13,743)
22	Income (Loss) Before Income Taxes and Extraord. Items	13,134	17,265
23	Provision (credit) for income taxes (Note 2)	2,989	9,151
24	Income (Loss) Before Extraordinary Items	10,145	8,114
25	Extraordinary items (net of income taxes - 2003, \$0; 2002, \$0)	0	0
26	Net Income (Loss)	\$10,145	\$8,114

*Certain 2002 amounts have been reclassified to conform with 2003 presentation.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2001	\$165,954	(\$34,453)	\$0	\$131,501
2	Net Income - 2002		76,559		\$76,559
3	Capital Contributions.....				
4	Capital Withdrawals.....		0		\$0
5	Partnership Distributions.....				
6	Prior Period Adjustments.....		(139)		(\$139)
7				
8				
9				
10	Balance, December 31, 2002	165,954	41,967	0	207,921
11	Net Income - 2003		73,133		\$73,133
12	Capital Contributions.....				
13	Capital Withdrawals.....		0		\$0
14	Partnership Distributions.....				
15	Prior Period Adjustments.....		139	0	\$139
16				
17				
18				
19	Balance, December 31, 2003	\$165,954	\$115,239	\$0	\$281,193

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2003	(d) 2002
1	Net Cash Provided (Used) by Operating Activities	\$ 41,505	\$ 110,649
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities	0	0
3	Proceeds from the sale of short-term investment securities	0	0
4	Cash outflows for property and equipment	(34,176)	(101,275)
5	Proceeds from disposition of property and equipment	338	97
6	Purchase of casino reinvestment obligations	(5,680)	(5,481)
7	Purchase of other investments and loan advances made	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables	2,069	2,464 *
9	Cash outflows to acquire business entities	0	0
10	Write Off Abandoned Projects	89	0
11		0	0
12	Net Cash Provided (Used) by Investing Activities ..	(37,360)	(104,195)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt	0	0
14	Payments to settle short-term debt	0	0
15	Cash proceeds from issuance of long-term debt	0	0
16	Costs of issuing debt	0	0
17	Payments to settle long-term debt	0	0
18	Cash proceeds from issuing stock or capital contributions	0	0
19	Purchases of treasury stock	0	0
20	Payments of dividends or capital withdrawals	0	0
21	Transfer to Affiliates	0	0
22			
23	Net Cash Provided (Used) by Financing Activities	0	0
24	Net Increase (Decrease) in Cash and Cash Equivalents	4,145	6,454
25	Cash and Cash Equivalents at Beginning of Period	38,972	32,518
26	Cash and Cash Equivalents at End of Period	\$ 43,117	\$ 38,972
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	\$ 60,811	\$ 262
28	Income Taxes	\$ 10,673	\$ 10,415

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2003	(d) 2002
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	\$ 73,133	\$ 76,559
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	30,715	27,079
31	Amortization of other assets	108	77 *
32	Amortization of debt discount or premium	0	0
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	40	(24)
35	(Gain) loss on disposition of property & equipment	(184)	(3)
36	(Gain) loss on casino reinvestment obligation	0	0
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons checks	269	11,842
39	Net (increase) decrease in inventories	(279)	(360)
40	Net (increase) decrease in other current assets	(2,927)	(459) *
41	Net (increase) decrease in other assets	1,811	2,273 *
42	Net increase (decrease) in accounts payables	(292)	(153)
43	Net increase (decrease) in other current liabilities excluding debt ...	(64,841)	44,671
44	Net increase (decrease) in other noncurrent liabilities excluding debt ...	(812)	(1,612)
45	Net increase in other receivables or advances	4,764	(49,241) *
46			
47	Net Cash Provided (Used) by Operating Activities	\$ 41,505	\$ 110,649
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION			
	Aquisition of Property and Equipment:		
48	Additions to property and equipment	\$ 34,176	\$ 101,275
49	Less: capital lease obligations incurred	0	0
50	Cash Outflows for Property and Equipment	\$ 34,176	\$ 101,275
	Aquisition of Business Entities:		
51	Property and equipment acquired	\$	\$
52	Goodwill Acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	\$	\$
	Stock Issued or Capital Contributions:		
57	Total issuance of stock or capital contributions	\$	\$
58	Less: issuances to settle long-term debt, and		
59	Consideration in acquisition of business entities		
60	Cash Proceeds from Issuing Stock or Capital Contributions	\$	\$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	435,591	\$ 37,940	-	\$ -
2	Food	2,100,900	21,009	-	-
3	Beverage	5,554,400	13,886	-	-
4	Travel	-	-	47,412	4,694
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	3,569,051	44,613	-	-
7	Entertainment	154,200	3,084	-	-
8	Retail & Non-Cash Gifts	223,800	1,119	249,701	1,249
9	Parking	-	-	-	-
10	Other	-	-	-	-
11	Total	12,037,942	\$ 121,651	297,113	\$ 5,943

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	118,645	\$ 10,334	-	\$ -
2	Food	487,000	4,870	-	0
3	Beverage	1,508,800	3,772	-	0
4	Travel	-	0	11,159	1,105
5	Bus Program Cash	-	0	-	0
6	Other Cash Complimentaries	1,081,330	13,516	-	0
7	Entertainment	23,750	475	-	0
8	Retail & Non-Cash Gifts	55,200	276	77,489	388
9	Parking	-	0	-	0
10	Other	-	0	-	0
11	Total	3,274,725	\$ 33,243	88,648	\$ 1,493

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Marina Associates (the "Partnership") operates as a general partnership which owns and operates a casino hotel located in the Marina District of Atlantic City, New Jersey known as Harrah's Casino Hotel Atlantic City. Harrah's Operating Company, Inc. ("HOC"), a direct wholly-owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's") through its subsidiaries, is the sole owner of the Partnership. A substantial portion of the Partnership's revenues are derived from gaming operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents - Cash equivalents are highly liquid investments with a maturity of less than three months and are stated at the lower of cost or market value.

Inventories - Inventories of provisions and supplies are valued at the lower of cost, weighted average, or market.

Property and Equipment - Property and equipment are stated at cost, including capitalized interest. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful life of the assets, as follows:

Buildings, leaseholds and improvements	40 years
Furniture, fixtures and equipment	3 - 10 years

Long-Lived Assets - During 1996, the Partnership adopted the provisions of Statement of Financial Standard No. 121, "Accounting for the Impairment of Long-Lived Assets" ("SFAS 121"). SFAS 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. During the periods presented in these financial statements, no business conditions or events occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the unamortized balance of its long-lived assets from expected future cash flows from its operations on an undiscounted basis.

Investments in Subsidiaries - During 1999, the Company, through its wholly owned subsidiary Reno Crossroads LLC ("Reno"), acquired a parcel of land in Reno, Nevada for approximately \$10,325. The existing facilities located on the parcel site were demolished and a new plaza was constructed on the site at a cost of approximately \$2,365. On February 1, 2000, Reno entered into an agreement to lease this parcel of land to HOC for a period of twenty years at a fixed rent of \$1,120 per year.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Promotional Allowances - Gross revenues include the retail value of complimentary food, beverage, theater and hotel services and the amount of volume-based cash rebates paid to casino patrons. The value of these promotional allowances is deducted to arrive at net revenues.

Income Taxes - The accompanying financial statements do not include a provision for federal income tax purposes by the individual partners. In accordance with regulations prescribed by the New Jersey Casino Control Act, the Partnership files a state income tax return on behalf of the partners. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of tax assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date.

Disclosures - In accordance with the Quarterly Report Instructions, the Partnership has not submitted updated information for the summary of future lease obligations and contribution of savings and retirement plan in which employees of the Partnership may participate. There has been no significant changes to the information submitted in our December 31, 2002 Annual Report.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Casino Licensing - In April 2000, the New Jersey Casino Control Commission renewed the Partnership's casino license through April 2004. A New Jersey casino license is not transferable and must be renewed by filing an application.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and Equipment as of December 31 consisted of the following:

	<u>2003</u>	<u>2002</u>
Land and Land Improvements	\$ 74,483	\$ 72,245
Buildings, Leaseholds and Improvements	520,825	503,426
Furniture, Fixtures and Equipment	190,462	172,571
Construction in Progress	<u>9,846</u>	<u>14,575</u>
	795,616	762,817
Less Accumulated Depreciation	<u>(307,353)</u>	<u>(277,680)</u>
Property and Equipment, Net	<u>\$488,263</u>	<u>\$485,137</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 4 - LONG-TERM DEBT

Long-term debt as of December 31 consisted of the following:

	<u>2003</u>	<u>2002</u>
Promissory Note	<u>\$650,000</u>	<u>\$650,000</u>

On October 31, 2001, the Partnership and HOC consummated a promissory note for \$650,000. All principal and interest outstanding on the promissory note is due and payable on demand to HOC. Interest is computed on an annual basis using 360 days for the actual number of days elapsed during a year, and an annual rate of 8%. Any amount of principal not paid by the Partnership to HOC when due will bear an additional 2% annual interest rate. On March 12, 2003 the 8% Promissory Note was assigned to Gaming Entertainment Limited, a foreign entity that is 100% owned by HOC. Neither the term nor amount of the debt was effected by this assignment.

NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31 consisted of the following:

	<u>2003</u>	<u>2002</u>
Prepaid Taxes	\$ 1,109	\$ 984
Prepaid State Income Tax	2,676	-
Prepaid Insurance	147	278
Prepaid Air Charters	2,551	1,969
Prepaid Marketing	835	762
Prepaid Other	<u>247</u>	<u>469</u>
	<u>\$ 7,565</u>	<u>\$ 4,462</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, Advances and Receivables as of December 31, consisted of the following:

	<u>2003</u>	<u>2002</u>
Notes Receivable	\$ 154	\$ 550
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of \$3,767 and \$3,040 at December 31, 2003 and 2002, respectively	4,208	2,288
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of \$808 and \$1,216 at December 31, 2003 and 2002, respectively	7,413	5,974
Due from Affiliates	<u>427,792</u>	<u>431,677</u>
	<u>\$439,567</u>	<u>\$440,489</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Due from Affiliates as of December 31 consisted of the following unsecured, non-interest bearing intercompany amounts:

	<u>2003</u>	<u>2002</u>
Harrah's New Jersey, Inc.	\$ 18,962	\$ 18,962
I/C- Embassy Suites	387,224	394,814
Northeast Regional Office	5,893	6,550
Harrah's Lake Tahoe	132	132
Embassy Suites, Inc.	1,940	1,940
Harrah's Del Rio	185	184
Harrah's Reno	4,179	3,060
Harrah's Las Vegas	54	47
Bill's Casino	111	111
Harrah's Vicksburg	23	23
Harrah's Joliet	345	354
Harrah's New Orleans	1	1
Harrah's Shreveport	14	14
Harrah's St. Louis	74	74
Harrah's North Kansas City	43	42
Harrah's Cherokee	720	719
Harrah's Prairie Band	21	21
Harrah's Showboat	7,111	3,897
Harrah's Tunica	6	-
Harrah's Ak Chin	14	-
Showboat East Chicago	628	621
Harvey's	65	64
Harrah's Gold Card	47	47
	<u>\$427,792</u>	<u>\$431,677</u>

The Partnership transfers cash in excess of its operating needs to HOC on a daily basis. Cash transfers from HOC to the Partnership are also made based upon the needs of the Partnership to fund daily operations, including accounts payable and payroll, as well as capital expenditures. The net transfers to HOC were \$49.6 million and \$57.5 million for the three months ended December 31, 2003 and 2002, respectively.

NOTE 7 - OTHER ASSETS

Other Assets as of December 31 consisted of the following:

	<u>2003</u>	<u>2002</u>
Deposits	\$ 42	\$ 57
Deferred Other	15	75
Long-term Portion of Prepaid Insurance	121	150
Long-term Portion of Prepaid Other	16	26
Deferred and Prepaid CRDA Obligations	10,003	11,984
	<u>\$10,197</u>	<u>\$12,292</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 8 - INVESTMENT OBLIGATIONS

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Partnership may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates.

The Partnership includes CRDA investment bonds and funds on deposit with the CRDA in investments, advances and receivables. The Partnership records a charge to operations to reflect the estimated realizable value of its CRDA investment obligations.

Through 2003 the Partnership was required to make deposits with the CRDA of approximately \$86,734 towards its obligations through that date, of which \$85,398 was deposited. The Partnership's obligation for the fourth quarter of 2003 of approximately \$1,336 was deposited in January 2004.

The Partnership has committed \$11,986 of its current and future CRDA deposit obligations for the refurbishment of the Atlantic City Convention Center. This amount has been capitalized and is being amortized on a straight-line basis over a 15 year period since the Convention Center reopened for operations during September 2001. Investments, advances and receivables at December 31, 2003 reflect \$2,778 in deposits, which have been earmarked for the project.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2003, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City at an estimated cost to the Partnership of approximately \$54,500. As of December 31, 2003, approximately \$54,410 has been expended by the Partnership of which approximately \$4,123 was reimbursed to the Partnership from certain government grants and \$18,742 represented a prepayment position of the Partnership's future obligations.

In December 1999, the CRDA approved a credit exchange agreement between Harrah's Atlantic City and Atlantic City Showboat. The credit exchange agreement resulted in Harrah's Atlantic City exchanging \$4,628 of its future South Jersey CRDA obligations for \$4,628 of Atlantic City Showboat's current Atlantic City CRDA obligations. Harrah's Atlantic City received this amount in January 2000 as a reimbursement of its prepaid Atlantic City obligation, previously mentioned.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 9 - OTHER ACCRUED EXPENSES

Other Accrued Expenses as of December 31 consisted of the following:

	<u>2003</u>	<u>2002</u>
Accrued Salaries, Wages and Benefits	\$6,199	\$11,105
Taxes Payable	2,246	1,331
Accrued In-House Progressive Slot Liability	223	96
Accrued City Wide Progressive Slot Liability	131	847
Accrued Interest, Long-term debt	4,333	60,811
Accrued Casino Control Commission / Department		
Gaming Enforcement Casino License Fees	293	582
Other Accrued Expenses	<u>7,440</u>	<u>10,746</u>
	<u>\$20,865</u>	<u>\$85,518</u>

NOTE 10 - OTHER LIABILITIES

Other Liabilities as of December 31 consisted of the following:

	<u>2003</u>	<u>2002</u>
Due to Affiliates, Long-term	\$39,808	\$39,773
Other	<u>1,524</u>	<u>2,371</u>
	<u>\$41,332</u>	<u>\$42,144</u>

Due to Affiliates at December 31 consisted of the following unsecured, non-interest bearing inter-company accounts:

	<u>2003</u>	<u>2002</u>
Harrah's Holdings, Inc.,	\$ 603	\$ 603
Harrah's Atlantic City, Inc.	38,855	38,855
Harrah's Ak Chin	-	20
Harrah's Tunica	-	2
Harrah's Jazz Casino	57	-
Harrah's Holiday Inns of New Jersey, Inc.	<u>293</u>	<u>293</u>
	<u>\$39,808</u>	<u>\$39,773</u>

NOTE 11 - CHARGES FROM AFFILIATES - OTHER

Use of Trademarks - The Partnership entered into a license agreement in August 1995 with Harrah's Las Vegas, Inc., (the "Licensor") for the use of certain licensed trademarks. The licensing agreement was renewed in 2001 for an additional five-year period. During 2002, the licensing agreement was amended, effective January 1, 2002, to reduce the royalty fee to zero. Prior to this amendment, the Partnership had been required to pay a

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

fixed license fee of \$34,050 per year. For the three months ended December 31, 2003 and 2002, the Partnership's license fee was \$0.

Administrative Services - The Partnership is charged a fee from HOC for administrative services (including legal, accounting and insurance). The Partnership was charged \$11,639 and \$12,030 for these services for the twelve months ended December 31, 2003 and 2002, respectively.

NOTE 12 – NONOPERATING INCOME (EXPENSE) – NET

In December 1998, the Partnership sold two parcels of land to the State of New Jersey. However, the valuation of the land sold to the State of New Jersey in 1998 was under dispute between the respective parties. The Partnership and the State of New Jersey settled the real estate condemnation dispute resulting in a Partnership gain of \$14,333, of which \$0 and \$137 was realized in the twelve months ended December 31, 2003 and 2002, respectively.

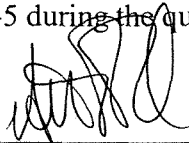
NOTE 13 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$139 was reported in 2002 on the Statement of Changes in Partners' Equity to correct a prior year intercompany tax provision. During the fourth quarter of 2003, the \$139 adjustment was reversed.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

STATEMENTS OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this Quarterly Report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Vice President of Finance and Administration
Title

7022-11
License Number

On Behalf of:

Marina Associates
Casino Licensee

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

LICENSEE

HARRAH'S CASINO HOTEL , ATLANTIC CITY

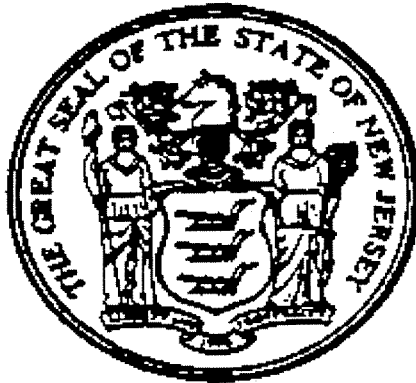
ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 2003

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE OF
CORRESPONDENCE REGARDING THIS
QUARTERLY REPORT**

ANTHONY P. RODIO

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE & ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

December 31, 2003

(UNAUDITED)

(\$ IN THOUSANDS)

Accounts Receivable Balances

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
1	Patrons' Checks			
	Undeposited patrons' checks	\$ 2,679		
2	Returned patrons' checks	1,129		
3	Total patrons' checks	3,808	\$ 898	\$ 2,910
4	Hotel Receivables	753	34	719
5	Other Receivables:			
	Receivables due from officers and employees	8		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivable	2,166		
8	Total other receivables	2,174	0	2,174
9	Totals (Form 205)	\$ 6,736	\$ 932	\$ 5,804

UNDEPOSITED PATRON'S CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 2,792
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	89,560
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(43,176)
13	Checks collected through deposits	(44,857)
14	Checks transferred to returned checks	\$ (1,640)
15	Other adjustments	\$ 0
16	Ending Balance . . . (Includes Foreign credit)	\$ 2,679
17	"Hold" Checks Included in Balance on Line 16	\$ 0
18	Provision for Uncollectible Patrons' Checks	\$ (100)
19	Provision as a Percent of Counter Checks Issued	-0.1%

4/86

CCC-340

Under penalties of perjury, I declare that I have examined this Schedule of Receivables and Patrons' Checks and to the best of my knowledge and belief, it is true and complete.

March 31, 2004

Date

Signature

Vice President of Finance and Administration

Title

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE

HARRAH'S CASINO HOTEL , ATLANTIC CITY

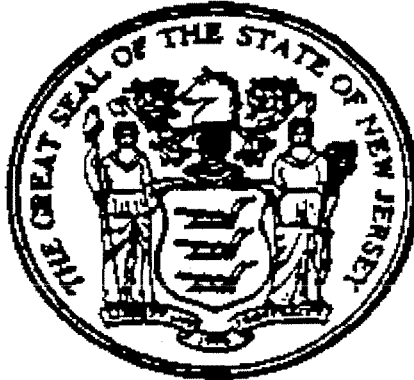
ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF
CORRESPONDENCE REGARDING THIS
QUARTERLY REPORT

ANTHONY P. RODIO

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE AND ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	0			
2	Gaming	443			
3	Slots	188			
4	Casino Accounting	60			
5	Other	386			
6	Total - casino	1,077	\$ 33,628	\$ -	\$ 33,628
7	ROOMS	403	10,687	0	10,687
8	FOOD AND BEVERAGE	845	15,841	0	15,841
	OTHER OPERATED DEPARTMENTS				
9					
10	Cafeteria	36	974	0	974
11	Communications	12	276	0	276
12	Gift Shop	8	180	0	180
13				0	0
14					0
15					0
16					0
..19					0
	ADMINISTRATIVE AND GENERAL				
20	Executive office	7	983	0	983
21	Accounting and auditing	24	1,085	0	1,085
22	Security	132	4,042	0	4,042
23	Other administrative and general department	206	4,384	0	4,384
24	MARKETING	6	389	0	389
25	GUEST ENTERTAINMENT	21	919	0	919
26	PROPERTY OPERATION AND MAINTENANCE	259	9,247	0	9,247
27	TOTALS - ALL DEPARTMENTS	3,036	\$ 82,635	\$ -	\$ 82,635

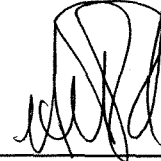
TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2003

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Signature

Vice President of Finance and Administration

Title

March 31, 2004

Date

GROSS REVENUE ANNUAL TAX RETURN

LICENSEE

HARRAH'S CASINO HOTEL , ATLANTIC CITY

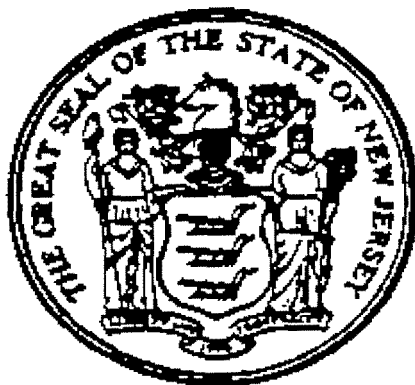
ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF
CORRESPONDENCE REGARDING THIS
QUARTERLY REPORT

ANTHONY P. RODIO

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE AND ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY_

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2003

(\$ in Thousands)

Line

CASINO WIN:

1.	Table and Other Games Win.....	\$	46,375
2.	Slot Machines Win.....		404,638
3.	Total Win.....		451,013
Less - Adjustment for Uncollectible Patrons' Checks:			
4.	Provision for Uncollectible Patrons' Checks	\$	-
5.	Maximum Adjustment (4% of line 3)	\$	18,041
6.	Adjustment (the lesser of line 4 or line 5)	\$	-
7.	Gross Revenue (line 3 less line 6).....	\$	451,013
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	\$	36,081
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	\$	9
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	\$	36,090
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	\$	(36,090)
Settlement of Prior Years' Tax on Gross Revenue			
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits		-
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12)	\$	0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 9, 2004

Date

Signature

Vice President of Finance & Administration